

# STATE OF NEBRASKA FLEXIBLE SPENDING ACCOUNTS

## SUMMARY PLAN DESCRIPTION & EMPLOYEE ENROLLMENT GUIDE

**Over-the-counter (OTC) drugs are not eligible for reimbursement through the Health Care FSA program without a doctor's prescription.**

Administered By



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[www.asiflex.com](http://www.asiflex.com)

Inside:

- ❖ The Basics – why enroll
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## THE BASICS OF FLEXIBLE SPENDING ACCOUNTS

### ***What are Flexible Spending Accounts (FSA's)?***

FSA's are a way to pay out-of-pocket (unreimbursed) medical expenses (Medical Reimbursement FSA) and dependent care expenses (Dependent Care FSA) on a BEFORE-TAX basis!

### ***What Does "Before Tax" or "Pre-Tax" Mean?***

FSA deductions from your paycheck are exempt from federal and state income tax and social security tax. These deductions reduce your **taxable** income reported on your W-2 and on your income tax returns.

### ***Why Should I Participate?***

The Medical Reimbursement FSA can save you up to 25% - 40% in taxes on each dollar that you spend for your share of insurance deductibles, co-pays, or items not covered by insurance. Also, the Dependent Care FSA may save you more in taxes than the day-care tax credit (filed with your federal income tax return).

### ***Whose Expenses Qualify for these Plans?***

Since these plans are authorized by the Internal Revenue Code, medical expenses of any family member who is a dependent for tax purposes qualify for the tax savings under the FSA even if they are not covered under one of the health/dental plans offered by the State. (There are age restrictions and custody restrictions for the Dependent Care FSA. See pages 9-11.)

## TAX SAVINGS EXAMPLE

By electing to direct a portion of your salary through an FSA, you essentially bank your money in a TAX-FREE account. The money is used to pay for expenses that would otherwise be paid out of your take-home pay. **This example shows how an FSA could save this employee \$866 in taxes!**

	<b>Without FSA</b>	<b>With FSA</b>	<b>Savings with FSA</b>
Gross Income	\$25,000	\$25,000	
Expenses run through FSA	0	3,120	
Taxable Income	\$25,000	\$21,880	
Federal Tax*	2,985	2,517	468
State Income Tax	790	631	159
Social Security (FICA) Tax	1,913	1,674	239
Income After Taxes	\$19,312	\$17,058	
Expenses not run through FSA	3,120	0	
Your Spendable Income	\$16,192	\$17,058	<b>\$866</b>

**This person could reduce their taxes by \$866 by using the FSA!!**

\*Estimate based on 15% Marginal Tax Bracket - single with standard deduction

## Program Highlights

- **Over-the-counter drugs are no longer an eligible expense** unless you have a prescription. You must have a prescription on file for any OTC items purchased.
- **The 2012-2013 Plan Year is a fiscal plan year.** Your enrollment for the 2012-2013 plan year will provide coverage for expenses incurred from July 1, 2012 through June 30<sup>th</sup>, 2013. For Health Care FSA participants, you will be allowed the extended 2 ½ months of coverage through September 15<sup>th</sup>, 2013 to incur expenses to access funds you set aside for the plan year.

### ELIGIBILITY:

*Full-time & part-time permanent employees* are eligible to participate in the Flexible Spending Accounts (FSA).

### PLAN ADMINISTRATION:

The State of Nebraska has hired ASI to process all claims for the Flexible Spending Account program. Contact ASI if you have questions regarding claims or eligible expenses.

ASI, P. O. Box 6044, Columbia, MO 65205-6044, (800) 659-3035, email: [asi@asiflex.com](mailto:asi@asiflex.com), [www.asiflex.com](http://www.asiflex.com)

Contact the Nebraska Health and Life Benefits Office if you have questions regarding the flexible spending accounts. 310 Centennial Mall South, Lincoln, NE 68509, (402) 471-4443. Contact your Agency Human Resource Office if you have questions regarding enrollment.

### ENROLLMENT:

The plan year is July 1 through June 30 of the following year. Please check with your Agency Human Resource Office or the [Options Enrollment Guide](#) to confirm the actual enrollment dates. Contact your Agency Human Resource Office for enrollment information.

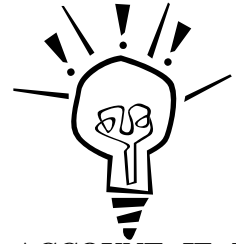
New employees must enroll within 30 days of their hire date and is effective 30 days after the first of the month following date of hire.

You may also enroll during the plan year if you experience a qualifying change in status and enrollment is consistent with and on account of that status change. The election change request must be filed within 30 days of the date of the qualifying event and becomes effective on the first day of the month following the event and the approval of the change (receipt of Agency Human Resource Office). The Medical Reimbursement Account and the Dependent Care Reimbursement account have slightly different rules regarding making an election change or enrolling mid-year. Please refer to those sections.

### CLAIMS PROCESSING:

- ◆ ASI of Columbia, Missouri
- ◆ Claims processed daily – typically within 1 business day of receipt
- ◆ Direct deposit & e-mail notification of reimbursements are available
- ◆ Submit claims online at <https://my.asiflex.com>

## FREQUENTLY ASKED QUESTIONS



### **Q. IF I REDIRECT PART OF MY PAY, WON'T I MAKE LESS MONEY?**

No. Your spendable income will increase by the amount of tax savings.

### **Q. WHY SHOULD I PARTICIPATE IN THE MEDICAL REIMBURSEMENT ACCOUNT IF I ALREADY HAVE MEDICAL INSURANCE?**

The Medical Reimbursement Account offers a tax break on medical care expenses NOT reimbursed by insurance. For example, expenses for office visits, eye exams, glasses, medicine, and hospital care.

### **Q. HOW MUCH DOES IT COST TO BE IN THE PROGRAM?**

There are no costs to you. All administrative costs of the plan are paid by the State.

### **Q. WHAT IS THE CATCH?**

No catch. Congress approved FSA's in 1978; the Tax Reform Act of 1986 reaffirmed their legitimacy. The plans have long been in many Fortune 500 companies' benefits package. Many state governments include the plans in the employees' benefit choices.

### **Q. WHEN CAN I MAKE CHANGES?**

You can change benefits during open enrollment (prior to the start of each calendar year) or within 30 days of a **change in status occurring after the start of the plan year**. Any change in election must be consistent with and on account of the corresponding change in status. For the specific changes allowed and the effective date of a change of election, please refer to the details about each category. If you have questions call ASI at 1-800-659-3035.

### **Q. WHAT IF I'M ALREADY IN THE FSA?**

Participation in both accounts terminates at the end of each plan year. **You must re-enroll each year** to continue your participation.

### **Q. WHAT IF I DON'T USE ALL OF THE MONEY I REDIRECT FOR THE FLEX CATEGORIES?**

ASI can help you estimate your allowable expenses for the plan year. However, if you do have funds remaining in your account at the end of the claims filing deadline, that amount will be retained by the State as required by federal regulations.

### **Q. ARE THERE ANY NEGATIVES THAT I SHOULD KNOW ABOUT?**

Yes, because you are not paying social security tax on that portion of your income that has been redirected, your social security benefits may be slightly reduced. However, if you invest your tax savings, in many cases you would have more money available at retirement than the benefit you would have received from the amount not paid into social security.

### **Q. HOW CAN I GET ANSWERS TO OTHER QUESTIONS?**

Call ASI toll free at 1-800-659-3035. A representative is available from 7 a.m. to 7 p.m. Central Time, Monday through Friday and from 9 a.m. to 1 p.m. on Saturday. You may also email ASI at [asi@asiflex.com](mailto:asi@asiflex.com).

### **Q. HOW QUICKLY WILL MY CLAIMS BE PAID?**

ASI will process your claim on average within one business day of receipt of the claim. Medical claims will be paid on the day processed. Dependent care claims will be paid on the day processed up to the balance in your dependent care account. Any excess dependent care claim will be paid as contributions are received from payroll. If there is a problem with your claim, ASI will notify you on the day the claim is processed either by U.S. Mail or by email.

### **Q. IS DIRECT DEPOSIT AVAILABLE?**

Yes. You may have your claims payments sent directly to your checking, money market or savings account. ASI will send a notice of each payment to you. ASI can send this notice via Internet *email*. Email and direct deposit provide you with the fastest, safest payment method and the fastest notification method available. There is space on the enrollment form to include your bank account information and email address. You may use a State of Nebraska email address.



## MEDICAL REIMBURSEMENT FSA

**Estimate your family's annual out-of-pocket medical expenses.** You may include expenses for anyone who will be a qualified dependent on your federal tax return (spouse, children, etc.). (There is an exception for expenses incurred for children of divorced parents. Expenses you pay to providers for medical care qualify even if you don't get the tax exemption, as long as one of the parents claim the child as a dependent for tax purposes.) Include predictable expenses only.

**Enroll in the Medical Reimbursement Account.** Divide your estimate by the number of pay checks you expect to receive during the plan year. Contact your Agency Human Resource Office for enrollment information.

**Receive medical services.** A medical expense is incurred when the services are provided that create the expense. You must receive medical services before you file a claim for those services.

**File claims.** After you have received the medical services and know the amount of your responsibility for the bill, you may submit a claim for those expenses to ASI.

**Receive reimbursements.** ASI will review your claim, and if approved will reimburse you for the medical expenses. Payments are issued within one day of their receipt of your claim.

Some important points you should remember regarding a Medical Reimbursement FSA are:

1. **Maximum and minimum:** You may include between \$120 and \$2,500 worth of qualifying expenses for the 2013-2014 plan year (but not more than your earned income).
2. **Your annual election cannot be changed** unless you experience a qualifying status change that results in a gain or loss of eligibility and coverage under your medical reimbursement account or a similar account of your spouse's or dependent's. Any change in election must correspond with the gain or loss of coverage. Qualifying changes in status are: a change in your legal marital status, number of dependents to be claimed on your tax return, spouse's or dependent's loss of FSA medical reimbursement coverage due to a change in his or her employment status, or if you take a leave under FMLA (Family and Medical Leave Act of 1993). Changes may also be allowed for changes in entitlement to Medicare or Medicaid, a judgment, decree or order that requires health coverage on your child resulting from a divorce, legal separation or change in legal custody. The election change request must be filed within 30 days of the date of the qualifying event and becomes effective on the first day of the month following the event and the approval of the change. Any increase in your election may include only those expenses that you expect to incur during the period of coverage subsequent to the effective date of the increase. If participation terminates due to a **separation of service and you return to employment within the same Plan Year** you must wait until the following plan year to participate/enroll in the plan. You will not be able to be reimbursed for expenses incurred after the end of the month following your last contribution for Medical Reimbursement FSA.
3. **You may include all medical, dental and vision expenses** not covered or not reimbursed by insurance which are **incurred by the taxpayer or dependents during the Plan year** for medical care as defined in Section 213(d) of the Internal Revenue Code. **However, expenses qualify for the medical FSA based on when incurred, not when paid, and federal regulations do not allow any insurance premiums or long term care expenses to be included under the FSA.**
4. Expenses are eligible for payment from the Plan based on when **incurred** not when paid. An expense is **incurred** when you or one of your dependents is provided with the medical care that

gives rise to the medical expense, and **not** when you are billed, charged for, or pay for the medical care.

5. Allowable expenses must be incurred during the portion of the Plan year that you were a participant. **Claims for expenses incurred during the Plan year or Grace Period (only applies to Health Care Expenses) must be filed by October 31<sup>st</sup> following the end of the Plan Year.** After that, your account will be closed and any balance remaining will be retained by the State in accordance with federal regulations.

**Grace Period:** If you are a Health Care participant as of June 30 of a Plan Year you may continue to incur expenses through September 15<sup>th</sup> to use any remaining funds in that Plan Year just ended. Claims for Health Care expenses incurred during this Grace Period are paid from the oldest year's funds first unless you request otherwise.

6. **If you terminate employment,** you may continue coverage under the Medical Reimbursement Account in one of the following ways:
  - A. With your consent, all or any portion of the amount due for the remainder of the plan year may be taken from the employee's final paycheck. (This method will provide the maximum tax savings benefit available through the FSA.) By paying off the annual election, you will be considered a participant through the end of the Plan Year and any claim for expenses for services provided while a participant may be paid through October 31<sup>st</sup> following the end of the Plan Year.
  - B. A participant or his/her spouse or dependent may elect to continue the coverage elected under the Medical reimbursement account even though the participant's election to receive benefits expired or was terminated, under the following circumstances:
    - 1) Death of the participant;
    - 2) Termination (other than for gross misconduct) or a change in employment status;
    - 3) Divorce or legal separation of the participant;
    - 4) A dependent child ceases to be a dependent under the terms of this plan.

When the Plan is notified that one of the events has occurred, the right to choose **continuation coverage** will be provided to each eligible person(s) if, on the date of the qualifying event, the participant's contributions to date exceed claims. The right to elect to continue ends 60 days from the date the notice of the right to continue coverage is provided by the Plan Administrator. It is the responsibility of the employee-participant or a responsible family member to inform the Plan Administrator of the occurrence of the event according continuation coverage and the election to apply for continuation coverage based upon the events described in 3 and 4 above. Continuation coverage will not extend beyond the end of the current plan year but may terminate earlier if the premiums are not paid within 30 days of their due dates. **Payments for expenses incurred during any period of continuation shall not be made until the contributions for that period are received by the State.** An administrative charge of 2% is assessed for each premium paid for continuation coverage.

7. **You must submit a completed claim** form along **with copies of invoices or statements** to serve as proof that you have incurred an allowable expense in order to receive payment. Statements are required to be **from the provider** stating the **date of service**, a **description of services**, the expense **amount**, the **name of the service provider** and the **person for whom the service was provided**. Copies of insurance explanations of benefits statements may be used instead of original physician bills if the date of service and charges are shown. Copies of receipts of payment, without the above, are not acceptable. Copies of personal checks are not acceptable.

Documentation or copies will not be returned. You will be provided with a supply of claim forms with your enrollment confirmation. Extra claim forms are available through your Agency Human Resource office, from the Internet web site or by contacting ASI.

**Orthodontic** expenses may be assumed to be incurred at the time a monthly payment is due and paid. These monthly payments must be spread out evenly over the expected period of orthodontic treatment. Therefore, claims submitted for orthodontic payments that meet the above are allowable. You may also submit a claim for a reasonable down payment of the orthodontic treatment if the down payment is made at the time the appliances are placed. Claims for payments made prior to being due or that otherwise do not meet the above requirements will not be processed. Claims for the entire fee paid at the beginning of treatment will not be processed, nor will claims for an entire year's payments made at the beginning of the year be processed. To claim orthodontic down payments, you must include a copy of the treatment contract and payment schedule along with proof of payment or a receipt of payment stating the date the braces were placed.

8. You may be paid the full amount of your claim or the balance of your annual election, whichever is less, whenever you file a qualifying claim. Payment under the Medical Reimbursement FSA is not limited to the amount in your account at the time of your claim. Your monthly contributions will continue for the remainder of the Plan year.
9. **Payments** may be made by **direct deposit** into the bank account of your choice. By using direct deposit you will not need to wait for a check to arrive or get it deposited. A notice that a payment was made will be sent to you. This direct deposit notice is available by U.S. Mail or by **e-mail** over the Internet. If you prefer, a check can be mailed to you instead of payment by direct deposit.
10. While on **unpaid FMLA leave** you will have the option to continue coverage under Medical Reimbursement FSA only if you make the election to do so before your FMLA leave begins. To continue participation and maintain coverage, you must pre-pay for coverage periods when you will not have deductions from your salary or pay the contributions monthly not later than the end of the month. If your contributions lapse for more than 30 days, participation in the Medical Reimbursement FSA ceases. You may elect to be reinstated upon return from FMLA leave if you elect to do so within 30 days of return to work. Your annual election will be reduced for each contribution not made and you will not be covered under Flexible Medical Benefits for services provided during the period when no contributions were made.

**Women's Health Cancer Rights Act of 1998:**

The Medical Reimbursement FSA, as required by the Women's Health and Cancer Rights Act of 1998, includes expenses for mastectomy-related services including reconstruction and surgery to achieve symmetry between the breasts, prostheses, and complications resulting from a mastectomy (including lymphedema). Call (800) 659-3035 for more information.

**Newborns' and Mothers' Health Protection Act of 1996:**

Group health plans and health insurance issuers generally may not, under federal law, restrict benefits for any hospital length of stay in connection with childbirth for the mother or newborn child to less than 48 hours following a vaginal delivery, or less than 96 hours following a cesarean section. However, federal law generally does not prohibit the mother's nor newborn's attending provider, after consulting with the mother, from discharging the mother or her newborn earlier than 48 hours (or 96 hours, as applicable). In any case, plans and issuers may not, under federal law, require that a provider obtain authorization from the Plan or the issuer for prescribing a length of stay not in excess of 48 hours (or 96 hours).

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## ***QUALIFYING UNREIMBURSED MEDICAL EXPENSES***

Only the portion of the expenses you owe after insurance payments can be claimed. Qualifying expenses are those which are **incurred by the taxpayer or dependents during the Plan year** for medical care as defined in Section 213(d) of the Internal Revenue Code, excluding all insurance premiums and long term care expenses. Qualifying medical care expenses include amounts incurred for the diagnosis, cure, mitigation, treatment, or prevention of disease, and for treatments affecting any part or function of the body. The expenses must be primarily to alleviate or prevent a physical or mental defect or illness. Refer to IRS Publication 502 for additional information ([www.asiflex.com](http://www.asiflex.com)). **However, expenses qualify for the medical FSA based on when incurred, not when paid, and federal regulations do not allow any insurance premiums or long-term care expenses to be included under the FSA.** Please contact ASI if you have a question on specific qualifying items. Below is a partial listing of qualified expenses. For additional information on OTC reimbursements, please refer to [www.asiflex.com](http://www.asiflex.com).

**Federal healthcare legislation affects the way that your Flexible Spending Account program works.** Since January 1<sup>st</sup>, 2011, you are unable to purchase over-the-counter items and get a tax break on these expenses unless you have a prescription from your medical provider.

Deductibles	Corrective eye surgery	Hearing aids including
Co-pays	Prescription drugs (legal)	batteries
Doctor's fees	Insulin	Transportation expenses
Dental expenses	Orthodontia (braces)	related to illness
Vision care expenses	Routine physicals	Chiropractor's fees
Prescription glasses	Medical equipment	OTC medicines & drugs
Contact lenses and solutions		(must have a prescription)

## ***NON-QUALIFYING UNREIMBURSED MEDICAL EXPENSES***

Cosmetic procedures; e.g. face-lifts, skin peeling, teeth whitening, veneers, hair replacement, removal of spider veins.

*These do **not** generally qualify. For a medically necessary cosmetic procedure, enclose a note with the claim stating the existing medical condition and why the treatment is required*

Clip-on or non-prescription sunglasses.

Toiletries.

Expenses that are merely beneficial to your general health (e.g., vacations and vitamins).

Herbs, vitamins & nutritional supplements.



## MEDICAL EXPENSE PLANNING WORKSHEET

This worksheet will help you determine the dollar amount you will spend for medical expenses during the upcoming plan year. **Don't forget that expenses for any of your tax dependents are eligible for your employer's FSA program, even if they aren't on your employer's medical insurance programs.**

A more detailed list of eligible expenses is available at [www.asiflex.com](http://www.asiflex.com).

### UNREIMBURSED MEDICAL EXPENSES

#### Annual Estimate

##### Medical Expenses not covered by Insurance

Deductibles, co-pays, coinsurance	\$ _____
Physician visits/routine exams	\$ _____
Prescription drugs	\$ _____
Diabetic supplies	\$ _____
Annual physicals	\$ _____
Chiropractic treatments	\$ _____
Eligible over-the-counter medicines/drugs	\$ _____
Other: _____	\$ _____

**Subtotal Medical Expenses** \$ \_\_\_\_\_

##### Dental Expenses not covered by Insurance

Checkups/cleanings	\$ _____
Fillings	\$ _____
Root canals	\$ _____
Crowns/Bridges/Dentures	\$ _____
Oral surgery	\$ _____
Orthodontia (please contact ASIFlex for details)	\$ _____
Other: _____	\$ _____

**Subtotal Dental Expenses** \$ \_\_\_\_\_

##### Vision/Hearing Expenses not covered by Insurance

Exams	\$ _____
Eyeglasses	\$ _____
Prescription sunglasses	\$ _____
Contact lenses & cleaning solutions	\$ _____
Corrective eye surgery (LASIK, cataract, etc.)	\$ _____
Hearing exams and hearing aids (and batteries)	\$ _____

**Subtotal Vision/Hearing** \$ \_\_\_\_\_

**Total Medical Expenses** \$ \_\_\_\_\_



## DEPENDENT CARE FSA

**Estimate your total dependent care expenses for the year.** Include predictable expenses only.

**Enroll in the Dependent Care Reimbursement Account.** Divide your estimate by the number of pay checks you expect to receive during the plan year. Contact your Agency Human Resource Office for enrollment information.

**Receive dependent care services.** Dependent care expenses are incurred when the day care is provided. You must receive the dependent care services before you file a claim for those services.

**File claims.** After you have received the dependent care services, you may submit a claim for those expenses to ASI.

**Receive reimbursements.** ASI will review your claim, and if approved will reimburse you. Payments are issued within one day of their receipt of your claim up to the amount you have on deposit in your account. If your claim exceeds your available funds, the difference will be recorded and paid as funds become available from payroll.

Some important points you should remember regarding a Dependent Care FSA are:

1. You and your spouse together may include **up to \$5,000** (a maximum of \$416.66 per pay month) per calendar year (**\$2,500** in the case of a married individual filing a separate tax return for the plan year) or the lesser of your (after subtracting all FSA deductions) or your spouse's earned income for the plan year. In the case of a spouse who is a full-time student at an educational institution or is physically or mentally incapable of caring for himself or herself, such spouse shall be deemed to have earned income of \$200 per month if you have one dependent and \$400 per month if you have two or more dependents.
2. You may include only those child/dependent care expenses that you incur in order for you and your spouse to be gainfully employed. Only expenses incurred for care and well-being qualify for this tax break (education related sports camps, summer school and private school expenses, food and transportation do not). **Child support payments are not allowable.** Day camp fees incurred in order for you to work are allowable but overnight camps are not. Please refer to page 11 and IRS Publication 503 for further details on qualifying expenses. You may link to this publication from ASI's website.
3. Expenses are eligible for payment from the Plan based on when **incurred** not when paid. Expenses are **incurred** when your dependent is provided with the care that gives rise to the expenses, and **not** when you are billed, charged for, or pay for the care.
4. **Your annual election cannot be changed** unless you experience a qualifying status change that results in a gain or loss of eligibility and coverage under your Dependent Care FSA or a similar account of your spouse's or dependent's or if you change dependent care providers (including school). Qualifying changes in status are: a change in your legal marital status, number of dependents eligible for dependent coverage due to a change in employment status, or if you take a leave under FMLA. Any change in election must correspond with the gain or loss of coverage, the significant change in cost from one provider to another (as long as the provider is not a relative), or a qualified court order. The election change request must be filed within 30 days of the date of the qualifying event and becomes effective on the first day of the month following the event and the approval of the change. Any increase in your election may include only those expenses that you expect to incur during the period of coverage subsequent to the effective date

of the increase. A new provider can include someone whom you do not pay to provide care such as a school or relative.

5. Day care expenses are limited to care for children **under age 13**, for whom you have more than 50% custody, or for a spouse or dependent who is physically or mentally incapable of caring for himself or herself, who lives in your home at least 8 hours each day.
6. The expenses may not be paid to a child of yours who is under the age of 19 at the end of the year in which the expenses are incurred or to an individual for whom you or your spouse is entitled to a personal tax exemption as a dependent.
7. Reimbursable **expenses must be incurred** during the portion of the Plan year **after you become a participant**. You must file claims for expenses that you incurred during the Plan year by **October 31<sup>st</sup>** following the end of the Plan Year. After that your account will be closed and any balance remaining will be retained by the State in accordance with federal regulations.
8. If you **terminate employment**, you may continue to file claims for qualifying expenses incurred during the plan year until you have been reimbursed the balance in your account.

If participation terminates due to a **separation of service and you return to employment within the same Plan Year** you must wait until the following plan year to participate/enroll in the plan.

9. **You must submit a completed claim** form along with **copies** of invoices or statements **from the provider** to serve as proof that you have incurred an allowable expense in order to receive payment. Statements are **required to include**, the **provider's name**, the **date(s) of service**, a **description of the services**, and the expense **amount**. Copies of personal checks and paid receipts, without the above information, are not acceptable. Documentation or copies will not be returned. You will be provided with a supply of claim forms with your enrollment confirmation. Extra claim forms are available from your payroll/personnel office, by contacting ASI or over the Internet at [www.asiflex.com](http://www.asiflex.com). In lieu of providing the above documentation, you may have the provider complete the dependent care section of the claim form and sign on the line provided.
10. **Payments** may be made by **direct deposit** into the bank account of your choice. By using direct deposit you will not need to wait for a check to arrive or get it deposited. A notice that a payment was made will be sent to you. This direct deposit notice is available by U.S. Mail or by **e-mail** over the Internet. If you prefer, a check can be mailed to you instead of payment by direct deposit.
11. The tax identification number or Social Security number of the child/dependent care provider must be listed on your federal income tax return. Please check with your child care provider (**before** enrolling in this category) to be sure that you are able to obtain their tax identification number or their Social Security number.
12. This category is an alternative to taking a "Tax Credit" allowed with your tax filing each year. You may receive a tax break on your expenses, but you must choose whether to use the "Tax Credit" or the "FSA". The IRS will not allow you to receive two tax breaks on the same expenses.
  - "Tax Credit" is allowed for child/dependent care expenses of up to \$4,800 per year for two or more dependents (\$2,400 per year for one dependent). You can file for the "tax credit" on your annual tax return, at the end of the year. The credit is an amount equal to your dependent care expenses multiplied by a percentage determined by your combined adjusted gross income. The percentage decreases from a high of 30% to a low of 20% as your income increases.

- “Dependent Care FSA” allows a tax break on up to \$5,000 per year, \$2,500 if married filing separately, for any number of dependents; one, two, or more. You will experience “tax savings” throughout the year with every paycheck you receive. Employees who pay the lowest federal tax bracket of 15%, state taxes of approximately 6% and Social Security taxes of 7.65% would save around 28% of expenses through the FSA. As their federal tax percentage rises, they would receive an even higher tax break by utilizing the FSA.

Generally those employees with a combined income over \$0,000 or who spend more than \$3,000 for care for one person in care would have a higher percentage tax break through the FSA. All other employees generally would receive a higher percentage tax break utilizing the Tax Credit. Please contact your tax advisor if you have questions about what is best for you.

- 13. You are required to file Schedule 2** with your IRS Form 1040A or **Form 2441** with your IRS Form 1040 to support the amount redirected for the plan year. Please note that this is for informational purposes. You will not pay taxes on the redirected amount. Payments made to you under this category are not taxable, but the amount redirected will appear on your W-2 form. This will inform the IRS that you have received a tax break on that expense through the FSA.
  - 14. Participants on leave (paid or unpaid) under FMLA (Family and Medical Leave Act of 1993) or LWOP are entitled to terminate coverage during the leave and reinstate coverage immediately on return to work. Such reinstatement must be made within 30 days of returning to work. Dependent care expenses incurred while on FMLA/LWOP are ineligible to be reimbursed by the FSA.**
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## ***QUALIFYING DEPENDENT CARE EXPENSES***

Expenses necessary for you to be gainfully employed:

Expenses paid to a dependent care center or “babysitter”.

Expenses paid for care of a child or dependent under age 13.

Expenses paid for care of a dependent who is physically or mentally incapable of caring for herself or himself who spends at least 8 hours each day in your home. (See [www.asiflex.com](http://www.asiflex.com) for specifics on qualified dependents.)

## ***NON-QUALIFYING DEPENDENT CARE EXPENSES***

Care while you are not working or not looking for work.

Care for child for whom you have 50% or less legal custody.

Care for child age 13 or older who is not disabled.

Overnight care or camps.

Kindergarten, instructional or sport specific camps; e.g. Ballet camp, soccer camp, summer school.

Any separately billed charges for transportation, activity fees, food, clothing, etc.

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## **WORKSHEET DEPENDENT CARE FSA**

### CHILD/DEPENDENT CARE REIMBURSEMENT ACCOUNT

- Annual payment to a child/dependent care facility or individual \$ \_\_\_\_\_
- Annual payment to other qualifying care providers \$ \_\_\_\_\_

**Total Annual Estimated Child/Dependent Care Expenses** \$ \_\_\_\_\_

My taxable wages will be reduced by the following amount each pay period:

_____	x	_____	=	\$ _____
Per Pay Period		(no. of pay		Annual Dependent Care FSA Amount
Redirection		pds. per yr.)		(at least \$72, not more than \$5,000)

# Claim Submission and Filing Instructions

**Claim Submission Options:** There are three different methods by which you may submit your claim.

- **Online:**

Submitting your claim online is easy and convenient! Go to <https://my.asiflex.com>.

In order to submit your claim via ASIFlex's secure online portal, you will need the following:

- Your account user credentials (User Name, Password and Security Image). If you have not yet set up your credentials, you will need your PIN (provided to you in your welcome packet and in each account summary statement). If you do not have your PIN, you may call Customer Service at (800) 659-3035.
- Access to a scanner so that you may scan your documentation as a PDF. You will be requested to upload the documentation after you complete the online claim.

- **Toll-free fax:**

(877) 879-9038

This option provides fast and easy claims submission. You may submit your claim via ASIFlex's toll-free fax number 24 hours a day, 7 days a week.

- **US Mail:**

ASIFlex, P.O. Box 6044, Columbia, MO 65205

## **Claim Filing Guidelines:**

- Clearly print your name, address, social security number (or EID as appropriate) and your employer's name.
- List expenses and arrange the supporting documentation in the same order.
- Enclose required documentation.

### **IRS Documentation Requirements:**

Each item claimed must be supported with proper documentation, including each of the following five (5) essential pieces of information. Your claim will not be processed without the following information:

1. Name of the provider or merchant (medical or dependent care)
2. Name of the person, or persons receiving the service or care
3. Date or range of dates of service or care
4. Cost of the service, not just the amount paid
5. Description of the service or care

Without a description of the service or care provided, your claim will be denied. **Credit card receipts, cancelled checks and billing statements without detailed service information are not substantial documentation and will not be accepted.** The description of the service or care can be as generic as "copay" or "office visit". If the description of the service is not listed on the receipt\* provided from your service or care provider, the provider may write the description on the receipt.

\*Please note if a receipt is not available for dependent/elder care expenses, you may have the care provider sign and date the claim form in the appropriate area instead of providing a receipt.

- **Sign** the claim form. Claim forms that are not signed will not be accepted.
- Keep copies of each receipt and claim form for tax purposes (Dependent/Elder Care FSA participants must file IRS Form 2441 each year with tax return). Keep in mind that you will need the provider's tax ID or Social Security Number when you file your taxes.
- Submit completed claim form and supporting documentation to ASIFlex.